



**TRAINING PROPOSAL FOR
Kruger Foods, Inc.
17-0712**

Panel Meeting Date: 09/22/2017
Regional Office: Sacramento Regional Office
Analyst Name: Dongallo, Jesse
Type of Proposal: Single Employer Contract (SE)
Funding Source: OSC

FUNDING OVERVIEW:

TOTAL ETP FUNDING: \$108,000.00				
Training Cost	Admin Cost	Support Cost	Substantial Contribution	Total In-Kind
\$93,914.00	\$14,086.00	N/A	\$0.00	\$185,903.00

PROJECT PROFILE:

Repeat Contractor:	Yes			
Estimated Number of Trainees:	120	High Unemployment Area:	Yes	
No. of Employees: (Applicant)	State:150 US:152 WorldWide:152	Turnover Rate: (Applicant)	11.00%	

Industry Sector(s)	Priority Industry
Manufacturing	Yes

FUNDING DETAILS:

Funding	Group No.	Attributes	Estimated No. of Trainees	Weighted Average Hours	Reimbursed Rate	Average Cost Per Trainee
OSC	1	S-RET	120	50	\$18.00	\$900.00
		Total:	120			

TRAINING PLAN OVERVIEW:

Job Title	County of Workplace Location	Estimated Number of Trainees	Training Hours (Min-Max)	Wage Waiver	ETP Min Wage	Base Wage Range	Health Benefits Used	Post Retention Wage
Group #: 1	Attributes: S-RET					Reimbursement Rate: \$18.00		
Administration	San Joaquin County	5	8-200	HUA Wage	\$12.12	\$12.50 - \$22.00	0.00	\$12.50
Functional Lead	San Joaquin County	12	8-200		\$16.16	\$17.25 - \$33.00	0.00	\$17.25
Maintenance	San Joaquin County	12	8-200	HUA Wage	\$12.12	\$12.50 - \$19.00	0.00	\$12.50
Manager	San Joaquin County	14	8-200		\$16.16	\$31.00 - \$53.00	0.00	\$31.00
Operator	San Joaquin County	1	8-200	HUA Wage	\$12.12	\$15.00 - \$17.50	0.00	\$15.00
Operator	San Joaquin County	11	8-200	HUA Wage	\$12.12	\$15.00 - \$17.50	0.00	\$15.00
Production/ Warehouse Operators	San Joaquin County	46	8-200	HUA Wage	\$12.12	\$12.50 - \$23.50	0.00	\$12.50
Quality Control	San Joaquin County	15	8-200	HUA Wage	\$12.12	\$12.50 - \$23.50	0.00	\$12.50
Sales	San Joaquin County	4	8-200	HUA Wage	\$12.12	\$15.50 - \$20.00	0.00	\$15.50

Legend of Attributes	
Code	Description
S	Single Employer Contract
RET	Retrainee

INTRODUCTION

Founded in 1930 and headquartered in Stockton, Kruger Foods, Inc. (Kruger) is a manufacturer of pickles, peppers, and other condiments. Kruger products are sold throughout the Western United States and internationally. The Company has three locations in Stockton, all of which will participate in this Agreement.

Kruger meets the Panel's Out-of-State Competition (OSC) requirements.

Training will be conducted at the following location(s): All located in Stockton

1. 18362 East Highway 4, Stockton, CA 95215 (Main location)
2. 17750 East Highway 4, Stockton, CA 95215
3. 2206 Stagecoach Road, Stockton, CA 95215

Products / Services

Kruger manufactures pickles, relish, peppers, mayonnaise, and dressings. The Company specializes in business-to-business service and wholesale for the food service industry. Kruger processes products to the specification of its customers, according to the customer's recipe.

Customer Base

The Company's primary customers include McDonalds, Subway, Burger King, Costco, In-N-Out Burgers and other similar food service companies. Kruger also sells to distributors, such as, Sysco and US Food Service who distribute the product to various restaurant chains. In addition, industrial businesses purchase Kruger products for use in the processing of their specific food items for resale.

PROJECT DETAILS

Purpose of Training:

This is Kruger's second ETP Agreement, and first within the last five years.

Kruger will be implementing a new Enterprise Resource Planning (ERP) system in late 2017 through early 2018. Training will focus on providing Kruger employees with the ability to utilize the new system to maximize day-to-day tasks and efficiency. ERP training will be delivered to all staff members as it will impact areas such as inventory, receiving/packaging, material requirements planning, quality control, warehouse maintenance, customer service, finance/accounting, and reporting.

In addition, Kruger recognizes that it must identify new ways to reduce operating costs, improve efficiencies, improve customer service and provide new value services. Training focusing on production operations, such as, Material Requirements Planning, Master Productions Scheduling, and Inventory Optimization will allow the Company to improve on current LEAN manufacturing practices. These process improvements will help address customer and business requirements that are not readily supported through the existing legacy systems within the Company.

Training Infrastructure and Administration Plan:

Kruger Foods' training infrastructure consists of a project manager and Human Resources lead solely committed to the coordination of all training efforts, including scheduling training, providing trainee enrollment data, verifying training and retention completion, participating in ETP monitoring activities and ensuring compliance with all ETP requirements.

In addition, there will be a core training team consisting of 15 business function leads, department heads, and managers providing role-specific training to ensure all employees receive the necessary skills. Along with the project manager and HR lead, this core training group is committed to the successful completion of this ETP contract.

TRAINING DETAILS

High Unemployment Area

This is a region with unemployment exceeding the state average by 15%.
The Company's location in Stockton qualifies for HUA status under these standards.

Wage Modification:

All 120 anticipated trainees in Group 1 work in a High Unemployment Area (HUA), a region with unemployment exceeding the state average by at least 25%. The Company's locations in Stockton qualify for HUA status under these standards. Kruger is requesting a wage modification from \$16.16 per hour to \$12.12 per hour for 9 of the 120 trainees.

Occupation	Waiver Wage	No. of Trainees
Business and Financial Operations Occupations	\$12.12	4
Business and Financial Operations Occupations	\$12.12	5
Food Preparation and Serving Related Occupations	\$12.12	15
Production Occupations	\$12.12	1
Production Occupations	\$12.12	11
Production Occupations	\$12.12	12
Production Occupations	\$12.12	46

Location	Substantial Contribution	Level Of Reduction
Kruger Foods	\$0.00	0.00%
Outside Warehouse	\$0.00	0.00%
S. M. S. Briners, Inc.	\$0.00	0.00%

TRAINING PLAN

The following types of training will be provided:

Training Curriculum		
Delivery Method - Type	Training Type	Training Level
Classroom/Simulated Laboratory	Business Skills	Standard
Classroom/Simulated Laboratory	Computer Skills	
Classroom/Simulated Laboratory	Continuous Improvement Skills	

Classroom/Simulated Laboratory	Manufacturing Skills (ME)	Standard
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Turnover Rate:

ETP funds training for stable, secure jobs. Employer's turnover rate cannot exceed 20% for the facility where training is requested, as measured in the 12 months during proposal development.

To date, the turnover rate per each location is:

Turnover Rate		
Location	City	Turnover Rate Percent
Kruger Foods	Stockton	12%
Outside Warehouse	Stockton	0%
S. M. S. Briners, Inc.	Stockton	3%

PERFORMANCE

Active Contract

N/A

Prior Performance

N/A

RECOMMENDATION

For the reasons set forth above, staff recommends approval for this contract.